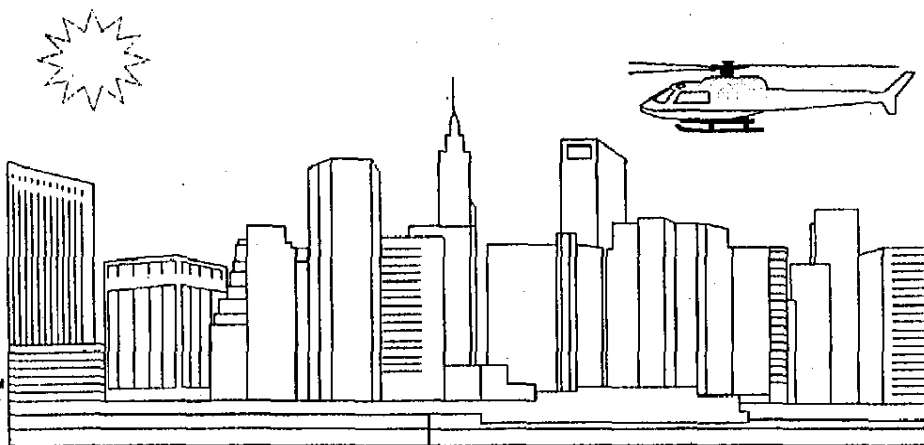


METRO REPORT

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Tobacco Industry Highlights Flaws in FDA Proposal

On January 2, 1996, major U.S. cigarette manufacturers submitted approximately 2,000 pages of comments and 45,000 pages of supporting information on the Food and Drug Administration's proposed rule to create a massive, unlawful and unnecessary bureaucratic system to regulate cigarettes. The industry's comments outline the unprecedented legal, scientific, economic, practical and procedural deficiencies in this rulemaking procedure. For example: As FDA has consistently recognized, FDA has no jurisdiction over any brand of cigarette unless a manufacturer makes therapeutic claims for that brand.

- For nearly 90 years, Congress has withheld from the FDA any authority to regulate cigarettes.
- FDA has misinterpreted and distorted its own statute in its attempts to extend its authority to regulate cigarettes.

FDA's proposed regulations would violate the First Amendment and other constitutional provisions. They are also precluded by various federal acts.

FDA's regulatory effort is the first step down the road to backdoor prohibition of cigarettes. In his attempts to prohibit smoking, FDA Commissioner Dr. David Kessler has repeatedly and intentionally mischaracterized the

youth smoking problem. For example: The government's own data reveal that significant smoking does not generally occur until the late teenage years. These data show that minors under age 15 are unlikely to have smoked in the previous 30 days. Even among minors who have smoked in the previous week, two-thirds smoked fewer than four cigarettes per day. Most minors smoking at such low levels do not become daily smokers. (1993 Teenage Attitude and Preference Survey). Although young people may experiment with cigarettes while they are underage, the vast majority never become "smokers," even under the broad definition of what constitutes a "smoker" used by FDA.

Dr. Kessler's repeated claim that "3,000 kids a day begin to smoke" is blatantly false. The study from which the "3,000 per day" number is derived did not refer to kids at all: that study looked only at 20 year-old adults.

FDA's Proposal Contradicts FDA's Own Research

FDA's proposal to severely restrict cigarette advertising and promotion in the name of reducing youth smoking contradicts FDA's own research, which clearly shows that underage teens begin to smoke because of their exposure to friends and family members who smoke, not because of advertising.

In recently published focus group studies [60 Fed. Reg. 61,670 (1995)], FDA itself reported that:

"Most of the participants indicated that they did not believe that they were influenced by cigarette advertisements."

Group participants identified "peer pressure; the desire to do something they perceived to be an adult activity; and as a way to rebel against their parents, either overtly or covertly" as the reasons for underage smoking. Enforcement of access restrictions and greater parental involvement in discouraging underage smoking would have a far greater impact on reducing underage smoking, and would be far less intrusive and burdensome, than FDA's proposed restrictions on cigarette advertising, promotions and sponsorships.

In fact, FDA's own sister agency the Substance Abuse and Mental Health Services Administration has recognized that enforcing access restrictions alone will achieve all the benefits FDA seeks to realize from its entire package of regulations.

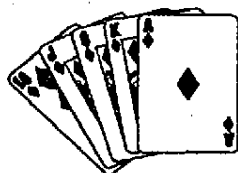
Reynolds Tobacco has long been a strong advocate of enforcing the laws that prohibit minors' access to cigarettes. The company has developed and sponsored a variety of programs to respond to underage smoking. The programs, among other things, educate retailers about the importance of enforcing laws prohibiting the sale of cigarettes to minors, help parents talk to their children about not smoking, and help kids withstand the peer pressure to smoke.

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*****Important*****
Holiday Schedule

Enclosed are 2 copies of the 1996 Holiday Calendar. The 9 Holidays are circled in Black ink. Each individual employee will be allowed to pick their (2) Floating Holidays. (i.e., Rosh Hashanah, Columbus Day, Yom Kippur, etc). Please circle (IN RED) the (2) Floating Holidays that you prefer to take and send (1) copy back to Christine, (the other is for your use) by February 1, 1996. Once you pick your days you cannot change them. Also you must notify Christine V-M prior to the day that you are taking it so there is no misunderstanding. If you have any questions, please feel free to call me.

As a reminder
all Pay
Registers must
be returned to
Christine by
January 19,
1996



Annual Meeting Updates
Congratulations

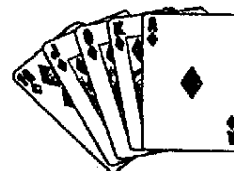
Winners for the most accurate contracts submitted
Melanie Gray
Jimmy Li
Marty Perskin

Winner of the fastest stamper in the Northeast
Donna Sganga

Winner for getting his product blacklined and stickered from
Wholesalers
Mark Young

Winners of Jeopardy
(Nassau Division)
Luann Alese
Joe Romano

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Notes from Phyllis



Urgent!

After you have picked up your new vehicle, please call or fax the Vin # and the license plate to me as soon as possible. Unless this information is entered into the computer, you will not be able to charge up your expenses for the new vehicle and you will not receive a PHH card.

TO EMPLOYEES LIVING IN NEW JERSEY

Beginning January 1, 1996 the state of New Jersey requires employers to withhold state tax to support the New Jersey disability insurance plan. In all situations, the employee's contributions are withheld at the time wages are paid to the employee. Should an employee within these states become disabled, it is the employee's responsibility to file a disability claim with the state of N.J. in order to collect on the insurance plan that they are being required to contribute to.



Sales Force Automation

Laptop Computer training for all Sales Reps has been rescheduled for April 9-12 (Tuesday-Friday). You will travel to Winston-Salem on Monday, April 8th. Additional information will be provided as we approach the training date.

Happy Birthday

*Richard Rodriguez
Ron Segelke
Glen Cohen
Veronica Azzara
Donna Sganga*



"So! ... You must be the one they call 'The Kid.'"

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Change in Administrative Vending Responsibility

Effective January 1, 1996, all administrative vending responsibility will be transferred to Winston-Salem. Winston-Salem personnel, along with vending "Hotline" personnel, will be responsible for vending plans, payments, POS and answering vending questions. (See attached letter to all vendors.)

These changes will give Field Sales more time to perform other more critical selling functions. At the same time, vendors will receive more uniform and personal handling of their questions/needs.

All administrative questions received by you concerning vending can be directed to the RJR "Hotline" (1-800-RJR-VEND) (1-800-757-8363).

DORAL & Company Offer

As information, DORAL & Company mailed over 900,000 offers to competitive branded savings adult smokers on December 29, 1995 throughout the U.S. Consumers who return the enclosed business reply card by March 31, 1996 will receive two free packs of DORAL plus over \$40 in savings and offers which include a free carton offer, DORAL Tobaccoville Collectibles plus bonus coupons

P

PARKING RULES TAKE HOLIDAY

Motorists in New York City can relax on 27 occasions this year.

The city's Transportation Department says street-cleaning regulations will be suspended or legal-holiday (LH) rules will apply on the following days:

New Year's Day, Mon., Jan. 1 (LH)
 Martin Luther King, Mon., Jan. 15
 Lincoln's Birthday, Mon., Feb. 12
 Washington's Mon., Feb. 19
 Idul-Fitr, Tues.-Thurs., Feb. 20-22
 Passover, Thurs.-Fri., April 4-5
 Holy Thursday, April 4
 Good Friday, April 5
 Passover, Wed.-Thurs., April 10-11
 Holy Thursday (Orthodox), April 11
 Good Friday (Orthodox), April 12
 Idul-Adha, Mon.-Tues., April 29-30
 Solemnity of Asc., Thurs., May 16
 Shavuot, Fri.-Sat., May 24-25
 Memorial Day, Mon., May 27 (LH)
 Independence Day, Thurs., July 4
 Assumption of Mary Into Heaven, Thurs., Aug. 15
 Labor Day, Mon., Sept. 2 (LH)
 Rosh Hashanah, Sat., Sept. 14
 Yom Kippur, Mon., Sept. 23
 Succoth, Sat., Sept. 28
 Shemini Atzereth, Sat., Oct. 5
 Columbus Day, Mon., Oct. 14
 All Saints Day, Fri., Nov. 1
 Election Day, Tues., Nov. 5
 Veterans Day, Mon., Nov. 11
 Thanksgiving, Thurs., Nov. 28 (LH)
 Christmas, Wed., Dec. 25 (LH)

On legal holidays, stopping standing, and parking are permitted except in areas where they are prohibited seven days a week (for example, "No Standing Anytime"). Not listed are holidays falling on Sunday.



Dear Lee: At the sales plans meeting in Atlantic City, I took ten dollars out of my purse and lost it in slot machines. Since it was a Company function, under what code do I charge this up? Signed: Reimburse me.

Dear Reimburse me: Everyone I talked to won lots of money. You were the only loser. I guess you'll have to charge it up to experience. (no code).

Dear Lee: During the Blizzard of 96, I noticed something very strange. A snow plow would go up my street and a few minutes later, would go down my street in the opposite direction. How do they get anywhere? Shouldn't someone tell the street department? Signed: Concerned.

Dear Concerned: Are you related to the previous letter writer? With your kind of thinking, I'd love to see your planning schedule. You must start in New Jersey and end in California. By the way, my neighbor is a supervisor for the New York City Street Department and as of Wednesday morning, still had not dug out his driveway or even left his house.

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